

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

FINANCIAL STATEMENTS

AUGUST 31, 2012

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
<u>Required Supplementary Information</u>	
Management Discussion and Analysis	3 - 5
<u>Fund Financial Statements</u>	
Statements of Net Assets, August 31, 2012 and 2011	6
Statements of Revenues and Expenses, Years Ended August 31, 2012 and 2011	7
Statements of Changes in Net Assets, Years Ended August 31, 2012 and 2011	8
Statements of Cash Flows, Years Ended August 31, 2012 and 2011	9 - 10
Notes to Financial Statements	11 - 18
<u>Supplemental Information</u>	
Schedules of Net Patient Service Revenues, Years Ended August 31, 2012 and 2011	Schedule I 19
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20 - 21
Schedule of Findings and Responses	22
Schedule of Prior Audit Findings and Responses	23

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
West Ascension Parish Hospital Service District
of Ascension Parish, Louisiana
Donaldsonville, Louisiana

We have audited the accompanying financial statements of the business-type activities of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana (the District), a component unit of the Ascension Parish Council, as of and for the years ended August 31, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana as of August 31, 2012 and 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 2, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana's financial statements as a whole. The supplemental schedule on page 19 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Prasantharath & Metturil

Gonzales, Louisiana
February 2, 2013

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2012

This section of the District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on August 31, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total assets increased by \$1,343,293 over the prior year to \$16,188,929.
- During the year, the District's revenues were \$1,322,704 more than the \$6.7 million in expenses. The District generated \$8 million in net charges for services and other non-operating income.
- The net patient service revenue increased \$327,065 to \$6.0 million from the prior year's net patient service revenue of \$5.6 million. Increases in patient services for the Emergency Room contributed to approximately 97% of this increase.
- The District has net assets of \$15.7 million as of August 31, 2012.
- During the year, the District began installing the new Electronic Medical Records system. As of August 31, 2012, the Hospital has incurred approximately \$500,000 of installation fees and equipment cost for the EMR project.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts—management's discussion and analysis (this section), and the basic financial statements. The basic financial statements include government-wide financial statements that provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by additional reports as required by *Governmental Auditing Standards*. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

Figure A-1 Major Features of District's Fund Financial Statements	
	Proprietary Fund Statements
Scope	Activities the District operates are similar to private business.
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues and expenses • Statement of changes in net assets • Statement of cash flows
Accounting basis and measurements focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2012

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant fund. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The Hospital has one kind of fund:

- Proprietary funds—Services for which the District charges patients a fee are generally reported in proprietary funds. Proprietary funds provide both long-and short-term financial information.
 - In fact, the District's enterprise fund (one type of proprietary fund) is the same as its business-type activity, but provides more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's net assets increased between fiscal years 2012 and 2011 by \$1,322,704. (See Table A-1.)

Table A-1
District's Net Assets

	<u>Business Type Activities</u>	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 11,980,332	\$ 10,964,337
Capital assets	4,208,597	3,881,299
Total assets	16,188,929	14,845,636
Current liabilities	458,144	437,555
Total liabilities	458,144	437,555
Net assets		
Investment in capital assets	4,208,597	3,881,299
Unrestricted	11,522,188	10,526,782
Total net assets	\$ 15,730,785	\$ 14,408,081

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2012

Business Type Activities

Changes in net assets. The District's total revenues increased by 13 percent to \$8 million (See Table A-2.) Approximately 74 percent of the District's revenue comes from net patient services. The total cost of all services increased approximately \$359,124 or 5.7 percent.

Table A-2
Changes in District's Net Assets

	Business Type Activities	
	2012	2011
Revenues		
Net patient services, net of bad debts	\$ 5,938,481	\$ 5,611,416
Non-operating	2,045,803	1,472,340
Total revenues	7,984,284	7,083,756
Expenses		
Operating expenses	6,661,580	6,302,456
Total expenses	6,661,580	6,302,456
Increase in net assets	\$ 1,322,704	\$ 781,300

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the District had invested \$4,208,597 in capital assets. (See Table A-3.)

Table A-3
District's Capital Assets

	Business Type Activities	
	2012	2011
Land	\$ 105,902	\$ 105,902
Construction in progress	602,958	94,949
Buildings and improvements	3,614,872	3,614,872
Equipment	3,435,676	3,352,177
Total capital assets	7,759,408	7,167,900
Accumulated depreciation	(3,550,811)	(3,286,601)
Net Capital Assets	\$ 4,208,597	\$ 3,881,299

- The District acquired \$591,508 of capital asset additions in the current fiscal year. Construction in progress attributed to \$508,009 and \$83,499 was for various pieces of equipment.

CONTACTING THE DISTRICT HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Vince Cataldo Donaldsonville, LA.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF NET ASSETS
AUGUST 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 773,472	\$ 966,244
Patient accounts receivable, (net of estimated uncollectibles of \$1,448,341 in 2012 and \$1,083,482 in 2011)	820,717	732,610
Inventory	272,925	261,418
Sales tax receivable	181,239	163,350
Investments	9,793,564	8,732,820
Estimated third-party payor settlements	27,772	23,861
Other current assets	138,415	107,895
Total current assets	<u>12,008,104</u>	<u>10,988,198</u>
<u>PROPERTY AND EQUIPMENT - net</u>	<u>4,208,597</u>	<u>3,881,299</u>
TOTAL ASSETS	<u>\$ 16,216,701</u>	<u>\$ 14,869,497</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 158,142	\$ 228,083
Estimated third-party payor settlements	240,195	156,776
Accrued expenses	87,579	76,557
Total current liabilities	<u>485,916</u>	<u>461,416</u>
<u>NET ASSETS</u>		
Invested in capital assets	4,208,597	3,881,299
Unrestricted	<u>11,522,188</u>	<u>10,526,782</u>
Total net assets	<u>15,730,785</u>	<u>14,408,081</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,216,701</u>	<u>\$ 14,869,497</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED AUGUST 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>REVENUE</u>		
Net patient service revenues (net of provision for bad debts of \$1,606,265 in 2012 and \$1,176,878 in 2011)	<u>\$ 5,938,481</u>	<u>\$ 5,611,416</u>
<u>OPERATING EXPENSES</u>		
Salaries and benefits	2,882,702	2,734,496
Professional contracted services	2,009,019	2,016,249
Medical supplies and drugs	616,786	650,801
Other operating	888,863	671,547
Provision for depreciation	264,210	229,363
Total operating expenses	<u>6,661,580</u>	<u>6,302,456</u>
<u>LOSS FROM OPERATIONS</u>	<u>(723,099)</u>	<u>(691,040)</u>
<u>NON OPERATING REVENUES</u>		
Sales taxes	1,077,718	868,990
Investment earnings	780,243	499,675
Grant revenue	187,842	103,675
Total non operating revenues	<u>2,045,803</u>	<u>1,472,340</u>
<u>CHANGE IN NET ASSETS</u>	<u><u>\$ 1,322,704</u></u>	<u><u>\$ 781,300</u></u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Net assets, beginning of year	\$ 14,408,081	\$ 13,626,781
Change in net assets	<u>1,322,704</u>	<u>781,300</u>
Net assets, end of year	<u><u>\$ 15,730,785</u></u>	<u><u>\$ 14,408,081</u></u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from patients and other third-party payors	\$ 5,929,882	\$ 5,666,861
Cash payments to suppliers for goods and services	(4,020,111)	(3,695,456)
Cash payments to employees for services	(2,455,458)	(2,314,315)
Net cash used in operating activities	<u>(545,687)</u>	<u>(342,910)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Sales taxes received	1,059,829	849,752
Grant Revenue	187,842	103,675
Net cash provided by non-capital financing activities	<u>1,247,671</u>	<u>953,427</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisitions of capital assets	(591,508)	(1,579,143)
Net cash used in capital and related financing activities	<u>(591,508)</u>	<u>(1,579,143)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(3,216,123)	(3,276,790)
Proceeds from sale or maturity of investments	2,155,379	3,937,289
Interest on investments	757,496	513,906
Net cash provided by (used in) investing activities	<u>(303,248)</u>	<u>1,174,405</u>
Net increase (decrease) in cash	(192,772)	205,779
Cash at beginning of year	<u>966,244</u>	<u>760,465</u>
Cash at end of year	<u><u>\$ 773,472</u></u>	<u><u>\$ 966,244</u></u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES</u>		
Loss from operations	\$ (723,099)	\$ (691,040)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	264,210	229,363
Provision for uncollectible accounts	1,606,265	1,176,878
Changes in assets and liabilities:		
Increase in receivables	(1,694,372)	(1,264,696)
Increase in inventory	(11,507)	(40,180)
Increase (decrease) in estimated third-party payor settlements	79,508	143,263
(Increase) decrease in other current assets	(7,773)	2,379
(Decrease) increase in accounts payable	(69,941)	90,578
Increase in accrued expenses	11,022	10,545
Total adjustments	<u>177,412</u>	<u>348,130</u>
Net cash used in operating activities	<u>\$ (545,687)</u>	<u>\$ (342,910)</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, d/b/a Prevost Memorial Hospital (the District), was created by a resolution of the Ascension Parish Council on May 2, 1963 under provisions of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950.

Basis of Presentation

The accompanying component unit financial statements of the West Ascension Parish Hospital Service District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, the District has elected to directly incorporate into GASB's authoritative literature certain pronouncements issued by FASB and its predecessors on or before November 30, 1989.

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Ascension Parish Council is the financial reporting entity for Ascension Parish. The financial reporting entity consists of (a) the primary government (Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 establishes criteria for determining which component units should be considered part of the Ascension Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Council.
2. Organizations for which the Council does not appoint a voting majority but are fiscally dependent on the Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Reporting Entity (continued)

Because the Council appoints all members to the District's Board of Commissioners, the District was determined to be a component unit of the Ascension Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Measurement Focus, Basis of Accounting

Proprietary Fund Financial Statements. The proprietary fund financial statements are reported using the economic resources measurement focus. The proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Patient Accounts Receivable

Patient accounts receivable are reported at their outstanding unpaid balance adjusted for any write-offs and the allowance for doubtful accounts. Interest income is not accrued on any unpaid balances.

Accounts are considered past due at the time that the balance is 30 days delinquent. Accounts are written off when no payment has been received on the account for 120 days.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for doubtful accounts charged to earnings. Losses are charged against the allowance when management believes the uncollectability of an account is confirmed. Subsequent recoveries, if any are credited to the allowance.

The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the accounts in light of historical experience, the nature and volume of the accounts, and the agreements with the respective third-party payers.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed cost, discounted charges, and per diem payments.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Operating Revenues and Expenses

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as non-operating revenues.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Property and equipment donated for District operations are recorded as additions at fair value at the date of receipt.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. The buildings and improvements are being depreciated over 25 to 40 years, land improvements over 20 years, and equipment over 5 to 20 years. Maintenance and repairs are charged to expense and betterments are capitalized. Gains and losses from sales or retirements are recognized in the period of disposition.

Inventory

Inventory is valued at the lower of cost (using the first-in, first-out method) or market.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes petty cash and demand deposit accounts. Under state law, the District may deposit funds and invest in certificates of deposit with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, or the laws of the United States.

Investments

The District may invest in bonds, debentures and other indebtedness which are fully guaranteed by the United States, issued or guaranteed by federal agencies backed by full faith and credit of the United States and issued or guaranteed by United States government instrumentalities which are federally sponsored. Investments are stated at fair value, which are the amounts on the statement of net assets, and are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Investment income includes interest earned, realized gains and losses and unrealized gains and losses (changes in fair value).

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self insurance for workers' compensation and liability insurance. The management of the trust funds has complete control over the rate setting process. The District is insured for all other risks of loss.

2. Sales Tax

In a general election held on November 5, 1980, the voters of the District approved a one-half percent sales tax. The net proceeds from this tax can be used for the expansion and/or operation of the District.

3. Cash

At August 31, the District had cash and demand deposit accounts totaling \$773,472 and \$966,244, respectively as follows:

	<u>2012</u>	<u>2011</u>
Petty cash	\$ 325	\$ 325
Demand deposit	<u>773,147</u>	<u>965,919</u>
Total cash	<u>\$ 773,472</u>	<u>\$ 966,244</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

4. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk at August 31, 2012. The District's bank balances were not exposed to custodial credit risk.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

5. Net Patient Service Revenues

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Contractual adjustments represent the differences between the District's billings at established rates for services and amounts reimbursed by third-party payers and self-pay payers. Due to uncertainties in the settlement process with third-party payers, however, it is at least reasonably possible that management's estimate of the outcome will change during the next year. The amount cannot be estimated. A summary of the payment arrangements with major third-party payers follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are reimbursed under a cost reimbursement methodology. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through August 31, 2011.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through August 31, 2011.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

6. Investments

The District's investments generally are reported at fair value, as discussed in Note 1. At August 31, 2012 and 2011, the District had the following investments and maturities, all of which were held in the District's name by a custodial bank that is an agent of the District:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
August 31, 2012					
U.S. Agencies	\$ 9,080,741	\$ -	\$ 1,423,750	\$ 3,393,021	\$ 4,263,970
U.S. Treasury bills	712,823	-	247,379	465,444	-
Total investments	<u>\$ 9,793,564</u>	<u>\$ -</u>	<u>\$ 1,671,129</u>	<u>\$ 3,858,465</u>	<u>\$ 4,263,970</u>
August 31, 2011					
U.S. Agencies	\$ 8,046,949	\$ -	\$ 919,631	\$ 2,100,343	\$ 5,026,975
U.S. Treasury bills	685,871	-	246,118	439,753	-
Total investments	<u>\$ 8,732,820</u>	<u>\$ -</u>	<u>\$ 1,165,749</u>	<u>\$ 2,540,096</u>	<u>\$ 5,026,975</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

6. Investments (continued)

Interest Rate Risk- The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk- Under Louisiana R.S. 33:2955, as amended, the District may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, and other investments as provided in the statute. The District's investment policy does not limit its investment choices. As of August 31, 2012, the District's investments in U.S. Agencies and U.S. Treasury bills were rated AAA by Moody's Investors Service and AAA by Standard & Poor's.

Concentration of Credit Risk- The District's investment policy does not limit the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, U.S. Treasuries, and Federal Home Loan Mortgage Corporation. These investments are 40%, 36%, 9%, 7%, and 5%, respectively of total investments at August 31, 2012.

7. Capital Assets

Capital Assets and depreciation activity as of and for the year ended August 31, 2012, are as follows:

	<u>Land</u>	<u>CIP</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets, 8/31/11	\$105,902	\$ 94,949	\$3,614,872	\$3,352,177	\$7,167,900
Additions	-	508,009	-	83,499	591,508
Deletions	-	-	-	-	-
Cost of Capital Assets, 8/31/12	<u>105,902</u>	<u>602,958</u>	<u>3,614,872</u>	<u>3,435,676</u>	<u>7,759,408</u>
Accumulated Depreciation, 8/31/11	-	-	1,592,267	1,694,334	3,286,601
Additions	-	-	78,947	185,263	264,210
Deletions	-	-	-	-	-
Accumulated Depreciation, 8/31/12	<u>-</u>	<u>-</u>	<u>1,671,214</u>	<u>1,879,597</u>	<u>3,550,811</u>
Capital Assets, net of accumulated depreciation at 8/31/12	<u>\$105,902</u>	<u>\$602,958</u>	<u>\$1,943,658</u>	<u>\$1,556,079</u>	<u>\$4,208,597</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

7. Capital Assets (continued)

Capital Assets and depreciation activity as of and for the year ended August 31, 2011, are as follows:

	Land	CIP	Buildings and Improvements	Equipment	Total
Cost of Capital Assets, 8/31/10	\$105,902	\$1,031,771	\$1,967,118	\$2,483,966	\$5,588,757
Additions	-	694,699	1,647,754	868,211	3,210,664
Deletions	-	(1,631,521)	-	-	(1,631,521)
Cost of Capital Assets, 8/31/11	105,902	94,949	3,614,872	3,352,177	7,167,900
Accumulated Depreciation, 8/31/10	-	-	1,519,993	1,537,245	3,057,238
Additions	-	-	72,274	157,089	229,363
Deletions	-	-	-	-	-
Accumulated Depreciation, 8/31/11	-	-	1,592,267	1,694,334	3,286,601
Capital Assets, net of accumulated depreciation at 8/31/11	\$105,902	\$ 94,949	\$ 2,022,605	\$ 1,657,843	\$3,881,299

For the years ended August 31, 2012 and 2011, depreciation expense was \$264,210 and \$229,363, respectively.

8. Concentrations of Credit Risk

The District is located in Donaldsonville, Louisiana. The District grants credit without collateral to its patients, most of whom are local residents. Revenue from patients and third party payers were as follows:

	2012	2011
Medicare and Medicaid	60.9%	63.7%
Blue Cross	9.8	7.5
Commercial	24.4	17.6
Private Pay	4.9	11.2
	<u>100.0%</u>	<u>100.0%</u>

9. Subsequent Events

Management has evaluated subsequent events through February 2, 2013, the date that the financial statements were available to issued, and determined that there were no events that require additional disclosure.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
SUPPLEMENTAL SCHEDULE
YEARS ENDED AUGUST 31, 2012 AND 2011

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

Schedule I

SCHEDULES OF NET PATIENT SERVICE REVENUES
YEARS ENDED AUGUST 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Patient services:		
Routine service (daily service charges)	\$ 168,236	\$ 147,478
Emergency room	6,950,848	5,865,607
Therapy	83,959	78,274
Central services and supply	26,531	24,356
	<u>7,229,574</u>	<u>6,115,715</u>
Other services:		
Laboratory	1,912,973	2,166,923
Pharmacy	132,206	105,296
Radiology	340,627	331,165
Emergency room physicians	15,520	29,860
Pathology	5,381	133
Medical transcription fees	7,713	2,639
EKG	111,368	135,765
Physical therapy	1,732	1,676
Gastrology	22,500	-
Wound Care	948,325	1,151,347
Ultrasound	114,295	135,640
Mammography	65,145	67,345
Miscellaneous	94,385	95,598
	<u>3,772,170</u>	<u>4,223,387</u>
Total patient and other service revenues	11,001,744	10,339,102
Contractual adjustments	(3,456,998)	(3,550,808)
Provision for bad debts	(1,606,265)	(1,176,878)
	<u>(5,063,263)</u>	<u>(4,727,686)</u>
Net patient service revenue	<u>\$ 5,938,481</u>	<u>\$ 5,611,416</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
West Ascension Parish Hospital Service District
of Ascension Parish, Louisiana
Donaldsonville, Louisiana

We have audited the financial statements of the business-type activities of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, a component unit of the Ascension Parish Council, as of and for the year ended August 31, 2012, which collectively comprise of the West Ascension Parish Hospital Service District's basic financial statements and have issued our report thereon dated February 2, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the West Ascension Parish Hospital Service District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the West Ascension Parish Hospital Service District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Ascension Parish Hospital Service District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Ascension Parish Hospital Service District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. 2012-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Ascension Parish Hospital Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The West Ascension Parish Hospital Service District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the West Ascension Parish Hospital Service District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of commissioners, management, others within the entity, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Prathibha & Nettunally

Gonzales, Louisiana

February 2, 2013

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2012

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ x yes _____ none reported
- Noncompliance material to financial statements noted? _____ yes x no

B. FINDINGS-FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICENCIES

2012-01

Internal Control

- Criteria:** The definition of internal controls over financial reporting is that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertions embodied in the annual financial statements, which for the District is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Our responsibility under current audit standards requires us to communicate this issue to management and the Board.
- Condition:** There is a lack of segregation of duties due to the limited number of accounting personnel.
- Effect:** Controls are weakened and could potentially allow management or employees, in the normal course of performing their assigned functions, the inability to prevent or detect misstatements on a timely basis.
- Cause:** The District has not established adequate procedures to segregate the accounting duties performed by one individual.
- Recommendation:** Management should implement mitigating controls that segregate the responsibilities for authorizing transactions, physical custody of assets and the related record keeping.
- Management's Response:** The District will consider procedures to mitigate risk.

C. COMPLIANCE WITH STATE LAWS AND REGULATIONS

None

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2011

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2011-01 Internal Control

Finding: There is a lack of segregation of duties due to the limited number of accounting personnel.

Management's Response: The District will consider procedures to mitigate risk.

Current Status: A similar finding was noted in the current year.

B. COMPLIANCE WITH STATE LAWS AND REGULATIONS

None